

Solar Phoenix 1 & 2 Brief Sheet
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The Essentials

- Solar Phoenix 1 & 2 are a series of city-sponsored residential solar financing programs.
- The Solar Phoenix program is a federally-recognized public-private partnership that allows Phoenix home owners to finance solar panels through leasing at low or no upfront costs.
- The National Bank of Arizona funded both Solar Phoenix 1 & 2 with \$25 million to initiate the program. The City of Phoenix partnered with Solar City for the first iteration and currently partners with Paramount Solar to provide panels, installation services, and maintenance.
- The leased solar panels are expected to generate sixty to eighty percent of a residence's power demand.

Details

In 2009 and 2010, the City of Phoenix partnered with the National Bank of Arizona on its Solar Phoenix program, a financing program to encourage all Phoenix residents, including low and middle income groups, to install leased solar rooftop systems on their homes. The \$25 million budget for Solar Phoenix 1 ("Solar 1") was provided by the city's partner Valley National Bank, and was sold out within a year. Solar 1 resulted in solar system installations on 445 homes, totaling nearly 3 MW of solar generating capacity, and contributing over \$26 million into the community. Only Phoenix residents who lived within the Arizona Public Service (APS) territory could apply for Solar Phoenix 1.

In response to the initial program's success, the city unveiled Solar Phoenix 2 ("Solar 2") in May of 2012. Solar 2 expands the number of expected program participants to 1,000-1,800 residences, and allows those who live within the Salt River Project (SRP) service territory to participate, as well as people who live outside of the Phoenix area but who own property in Phoenix.

The National Bank of Arizona invested \$25 million each into both Solar 1 and 2, for a total of \$50 million. National Bank of Arizona's investments bear little risk; they pledged to invest in Phoenix's renewable energy partially because no participants in the original Solar Phoenix 1 program defaulted on their leases. The partnership with the National Bank of Arizona assists the City of Phoenix with the initial capital investment to be able to provide financing to Phoenix homeowners. Craig Robb, the managing director of National Bank of Arizona, stated, "Our \$25 million commitment to support Solar Phoenix 2 is the start of a long-term vision to help overcome the barriers to entry for solar power."

Solar 2 is the nation's largest city-sponsored, residential solar-financing program, and receives no federal funding, unlike most municipally-administered solar financing programs. Former U.S. Secretary of Energy Steven Chu attended the unveiling of Solar 2 to lend his support to this business model; he stated, "new innovation in business models are as important as new innovations in technology." Secretary Chu said other U.S. cities should replicate the Solar 2 program and that it is the "ideal model for private solar funding."

What is a solar lease? Why is Solar Phoenix different from other solar lease options?

The City of Phoenix's Renewable Goals

In 2008, the Phoenix City Council approved a goal that by 2025, fifteen percent of the energy used by the city should come from renewable energy sources. To the greatest extent feasible, the city hopes to achieve the goal through city-owned and sponsored projects (like the original Phoenix Solar program and Solar 2), primarily through public and private partnerships.

A solar lease is a solar financing option that allows a solar panel customer to have panels placed on his or her home or business for little to no personal capital investment. In addition, the solar customer generally does not pay for the maintenance or monitoring of the modules; instead, the customer pays a monthly fee to lease the equipment. The monthly fee includes charges for the electricity generated by the panels along with maintenance.

Phoenix Solar 2's lease is unique in that it offers options for low and moderate-income homeowners in Phoenix. The primary criterion for obtaining a lease is a credit score of 700 or above. The Solar 2's lease also provides a performance guarantee and covers all system maintenance. The homeowner's monthly payment for the solar electricity is typically lower than their previous electricity bills, and depending on their usage, customers are expected to see up to ten to fifteen percent utility savings per month. Solar 2 incorporates incentives from APS and SRP's Solar and Renewable Energy Incentive Programs. APS's Solar and Renewable Energy Incentive Programs are approved by the Arizona Corporation Commission and funded by APS customers.

Prior to installation, a solar installer uses satellite and aerial imagery to assess how viable a rooftop is for solar use. They will check for things like shade cover on the roof, hemisphere orientation of the roof, and how many modules can be installed on the roof.

Read more

Phoenix Solar Power 2 website: <http://solarphoenix2.org/>

Arizona Nightly News Youtube video explaining Phoenix Solar Power 2:
http://www.youtube.com/watch?v=g_aPYKypi5w

Latest developments

National Bank of Arizona was named a “Solar Champion” by the Phoenix City Council for their efforts to increase solar power in the Phoenix area in connection with Phoenix Solar Power 2.

It is anticipated that residents who have the solar panels installed on their homes will save ten to fifteen percent on their utility bills. It is also anticipated that Phoenix Solar 2 will generate 234 jobs to the Phoenix area. The program is still running, despite initial reports that said it would only run through 2012.